

Supporting Data / Information

September 24, 2010

Revised Tariff Submittal
Ft. Knox Sewer Utility

Submitted By:
Hardin County Water District No. 1
1400 Rogersville Road
Radcliff, KY 40160
Phone: 270-351-3222
Mr. Jim Bruce, General Manager
email: jbruce@hcwd.com

List of Exhibits

<u>Exhibit</u>	<u>Exhibit No.</u>
Revised Rate Tariff Sheet	1
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Customer Rate Acceptance Letter	3
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Hardin County Water District No. 1

Serving Radcliff and Hardin County for Over 50 Years

1400 Rogersville Road
Radcliff, KY. 40160

July 8, 2010

Ms. Stephanie Bowman
U. S. Government / Ft. Knox
Contracting Officer
Building 1109B, Room 250
Fort Knox, KY 40121

SUBJECT: Notice of Proposed Rate Change / Tariff Change

Dear Ms. Bowman;

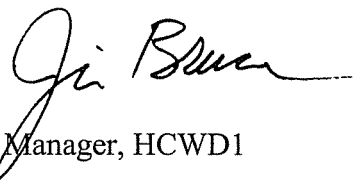
This notice is in accordance with Kentucky Revised Statutes, Chapter 278.185 regarding advance notice of a sewer rate change. The District intends to file a tariff and rate change request with the Kentucky Public Service Commission (PSC) at the earliest convenience. As you are aware, our last rate adjustment was October 1, 2008.

As requested by the Government, the rate will continue to be a fixed amount per month. We intend to request this new rate become effective October 1, 2010. The new monthly sanitary sewer rate would be \$230,057, which is an increase of 2.7% or a monthly increase of \$6,099. The monthly storm sewer rate would be \$38,840, which is a *decrease* of 4.2% or -\$1,705 monthly. The combined amounts result in a 1.7% total increase or an increase of \$4,394 monthly.

As a customer of a regulated utility, you may by motion, within thirty (30) days of this notice, request leave to intervene in this case. That motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky, 40602, and shall set forth the grounds for the request including the status and interest you may have in the filing. As we have mentioned in our previous communications, we will automatically provide you a copy of the actual filing to the PSC, as soon as it is complete and is filed with them.

As usual, please feel free to call or contact me if you have any questions.

Sincerely,



General Manager, HCWD1

Cf; Kentucky Public Service Commission
Mr. David Wilson III, HCWD1 Legal Counsel

Encl.

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DEPARTMENT OF THE ARMY
MISSION AND INSTALLATION CONTRACTING COMMAND CENTER - FORT KNOX
199 6TH AVENUE, SUITE 250
FORT KNOX, KENTUCKY 40121-5720

September 20, 2010

Mr. William Rissel
Chairman, Board of Commissioner
Hardin County Water District No. 1
1400 Rogersville Road
Radcliff, KY 40160

SUBJECT: Revised Proposed Rate Acceptance

Dear Mr. Rissel:

The Government has reviewed the proposed revised rate for your District to provide all sanitary and storm sewer services required under Utility Service Contract (Contract SP0600-04-C-8275) dated September 30, 2004. It is our understanding the new monthly rate of \$268,897.00 would become effective October 1, 2010 and represents a 1.7% increase from the current rate that became effective October 1, 2008.

The Government understands this proposed rate is still subject to approval by your Board of Commissioners and the Public Service Commission (PSC) and the PSC may order rates more or less than that proposed by the District.

Your staff has met with me and the Contracting Officer's Representative (COR) Mr. Bob Ender to address questions regarding the new rate, individual costs, and changes in specific costs. The Government has been assured this new rate will continue providing adequate sanitary and storm sewer utility services for Fort Knox.

As a result of our meetings and exchange of information, the Government is in agreement with the proposed rate, and will not protest the new rate during the rate filing. We will be filing to intervene during the case to ensure we are a party of record and to receive copies of all filings, motions, and evidence during the rate case review. The Government also reserves the right to testify and or object to the new rate if future facts or information are disclosed that could cause us to raise an opposition or objection.

We appreciate your staff meeting with us to discuss the revised rate and address our questions and concerns and the District's efforts to provide reliable, reasonable priced utility services for the Government.

Sincerely,

Stephanie A. Bowman
Contracting Officer

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Updated Ft. Knox Sewer Rate - October, 2010

Revised: July, 2010

Previous revision - July 2008

	84.5%	15.5%				
HCWD1 Mgmt & Admin	Sanitary Sewer	Storm Sewer	Total	Jul 2008	% Chg	12 Mo % Chg
Salaries and Benefits	\$ 69,422	\$ 12,734	\$ 82,156	\$ 94,685	-13.23%	-7.58%
* Business Costs	\$ 51,172	\$ 9,386	\$ 60,558	\$ 87,271	-30.61%	-18.37%
Sub-Total >	\$ 120,593	\$ 22,121	\$ 142,714	\$ 181,956	-21.57%	-12.62%
			4.4%			
<u>Operations & Maintenance</u>						
Salaries and Benefits	\$ 882,595	\$ 161,155	\$ 1,043,750	\$ 972,604	7.32%	4.00%
Vehicle Costs	\$ 90,084	\$ 21,131	\$ 111,215	\$ 98,473	12.94%	6.99%
Laboratory and Pretreatment	\$ 115,435	\$ 0	\$ 115,435	\$ 110,924	4.07%	2.24%
Waste and Sludge Disposal	\$ 68,640	\$ 0	\$ 68,640	\$ 62,820	9.26%	5.05%
Repair and Maintenance	\$ 152,698	\$ 24,858	\$ 177,556	\$ 177,556	0.00%	0.00%
Chemicals	\$ 21,972	\$ 0	\$ 21,972	\$ 21,972	0.00%	0.00%
Business Costs	\$ 372,033	\$ 60,563	\$ 432,596	\$ 425,026	1.78%	0.99%
Sub-Total >	\$ 1,703,457	\$ 267,707	\$ 1,971,164	\$ 1,869,375	5.45%	2.99%
			61.1%			
<u>System Replacement</u>						
Motor & Pump	\$ 248,736	\$ 0	\$ 248,736	\$ 236,200	5.31%	2.91%
Line Replacement and Repair	\$ 362,784	\$ 152,207	\$ 514,991	\$ 504,100	2.16%	1.19%
* WWTP Repairs / Upgrades	\$ 227,359	\$ 0	\$ 227,359	\$ 215,900	5.31%	2.91%
Engineering Design	\$ 39,806	\$ 7,248	\$ 47,054	\$ 45,400	3.64%	2.01%
Inspection	\$ 15,901	\$ 3,243	\$ 19,144	\$ 18,500	3.48%	1.92%
Management (SBA, Other)	\$ 48,219	\$ 6,114	\$ 54,333	\$ 52,200	4.09%	2.25%
Geotechnical Service	\$ 7,056	\$ 1,621	\$ 8,677	\$ 8,400	3.30%	1.82%
Surveying	\$ 3,580	\$ 763	\$ 4,343	\$ 4,200	3.41%	1.88%
Planning and Environmental	\$ 34,225	\$ 5,054	\$ 39,279	\$ 37,800	3.91%	2.16%
Sub-Total >	\$ 987,667	\$ 176,250	\$ 1,163,917	\$ 1,122,700	3.67%	2.02%
Muldrough Credit >	-\$ 51,036	\$ 0	-\$ 51,036			
TOTAL ANNUAL >	\$ 2,760,681	\$ 466,077	\$ 3,226,758	\$ 3,174,031	1.7%	0.9%
TOTAL MONTHLY >	\$ 230,057	\$ 38,840	\$ 268,897	\$ 264,503	1.7%	0.9%
 July 2008 Fee	 \$ 2,687,494	 \$ 486,537	 \$ 3,174,031			
%/Yr Change	2.72%	-4.21%	1.7%			

District FK Sewer Costs Included in Rate

Revised: July, 2010

Previous revision - July 2008

July 2008	July 2010	% Chg	Item / Expense
\$ 16,636	\$ 13,623	-18.1%	Gen Mgr
\$ 6,553	\$ 3,068	-53.2%	Opr Mgr (25%, 75% capitalized)
\$ 581	\$ 4,116	608.5%	Proj Coord
\$ 24,226	\$ 22,915	-5.4%	Board
\$ 4,033	\$ 5,157	27.9%	Accounting Specialist
\$ 18,035	\$ 6,675	-63.0%	Accountant
\$ 0	\$ 5,232	—	Admin Clerk (Hired, 2009)
\$ 0	\$ 6,534	—	Admin Assistant (Not allocated before)
\$ 3,348	\$ 0	-100.0%	GIS Specialist
\$ 0	\$ 3,562	—	Maint/Controls Specialist
\$ 92	\$ 1,449	1475.0%	Cust Service Manager
\$ 404	\$ 1,098	171.8%	Billing Specialist
\$ 20,777	\$ 8,725	-58.0%	Finance & Acctng Manager (Hired 2009)
\$ 94,685	\$ 82,156	-13.2%	SUB-TOTAL HCWD1 LABOR+BENEFITS
\$ 3,900	\$ 4,112	5.4%	Legal
\$ 5,204	\$ 6,000	15.3%	Accounting
\$ 53,021	\$ 33,090	-37.6%	Insurance
\$ 7,558	\$ 3,000	-60.3%	Deprec - Serv Ctr (Based on % time admin / office employees spend on FK sewer)
\$ 8,413	\$ 4,352	-48.3%	Debt Service - Serv Ctr (% time employees working in SC spend on FK)
\$ 516	\$ 850	64.7%	Serv Ctr Utilities - (% time employees working in SC spend on FK)
\$ 644	\$ 1,008	56.5%	Fuel / Veh Maint - (Based on % time BP and JB spend on FK)
\$ 322	\$ 975	202.8%	Misc Admin - (% time employees working in SC spend on FK)
\$ 1,159	\$ 199	—	SC Phone Expense - (Not used)
\$ 5,001	\$ 1,539	-69.2%	SC IT Expense - (% time spent by SC employees on sewer)
\$ 1,533	\$ 1,411	-7.9%	Conferences, Education, Travel - (Based on % time employees spent on FK)
0	\$ 4,021	—	Regulatory Fees (Charged by PSC)
\$ 87,271	\$ 60,558	-30.6%	SUB-TOTAL OTHER HCWD1 BUSINESS COSTS
\$ 181,956	\$ 142,714	-21.6%	TOTAL All Costs

New Rate 2010-2012 System Replacement Projects

	Sanitary Sewer				Storm Sewer			
	2010	2011	2012	Total	2010	2011	2012	Total
1 Motor and Pump								
Lift Station Generator Rebuild	\$12,500			\$12,500				
PTB Grit Pump Replacement	\$17,300			\$17,300				
Septage Receiving Station Mixer Replacement	\$3,000			\$3,000				
Deitz PS Elimination and Sewer Reroute		\$175,000	\$375,000	\$550,000				
Marine Lift Station Replacement			\$75,000	\$75,000				
Chaffee Lift Station Replacement	\$100,000	\$200,000		\$300,000				
Pritchard Place Lift Station Replacement			\$50,000	\$50,000				
Total	\$132,800	\$375,000	\$500,000	\$1,007,800				
2 Line Replacement and Repairs								
McAdams Field Sewer Reroute	\$28,000			\$28,000				
Matthews PS Force Main Reroute	\$25,000			\$25,000				
Burke Motor Pool Sewer Reroute Design	\$20,000			\$20,000				
CIPP Lateral Lining	\$75,000	\$75,000	\$75,000	\$225,000				
Basin 8 Sewer/MH Rehabilitation	\$50,000	\$100,000	\$100,000	\$250,000				
Basin 2 Sewer/MH Rehabilitation	\$50,000		\$50,000	\$100,000				
Basin 6 Sewer/MH Rehabilitation			\$45,000	\$45,000				
Bingo Hall Storm Rehabilitation					\$30,000			\$30,000
Wilson Road RR Culvert Replacement					\$41,500			\$41,500
Brooks Field Storm Rehabilitation					\$25,850			\$25,850
Farmers Motor Pool CB					\$11,400			\$11,400
Godman Airfield Storm Rehabilitation								\$0
Railhead Storm Rehabilitation						\$85,000		\$85,000
Wilson Road Concrete Ditch Replacement					\$50,000			\$50,000
4" TV Inspection Camera Purchase	\$35,000			\$35,000				
Miscellaneous Storm Water Improvements						\$100,000	\$185,000	\$285,000
Line Replacement/Repair Total	\$283,000	\$175,000	\$270,000	\$728,000	\$158,750	\$185,000	\$185,000	\$528,750
3 WWTP Repairs/Upgrades								
PTB HVAC/Electric Conduit Replacement	\$250,000			\$250,000				
Oxidation Ditch Evaluation	\$3,000			\$3,000				
Clarifier Coating & Miscellaneous Improvement			\$50,000	\$50,000				
Oxidation Ditch Coating		\$72,000		\$72,000				
Hazmat Containment Building Coating		\$5,000		\$5,000				
PTB and Disinfection Process								
Remote Control/SCADA Upgrade	\$100,000	\$165,000	\$100,000	\$365,000				
Gear Reducer Replacement		\$14,000		\$14,000				
Secondary Bldg Roof Replacement	\$8,000			\$8,000				
PTB Influent Meter Replacement	\$5,000			\$5,000				
RFP Door Replacement (3 doors)	\$6,600			\$6,600				
Smartboard/Projector Purchase	\$2,500			\$2,500				
Landscaping Improvements	\$1,200			\$1,200				
WWTP Repairs/Upgrades Total	\$376,300	\$256,000	\$150,000	\$782,300				
Total 1, 2 and 3	\$792,100	\$806,000	\$920,000		\$158,750	\$185,000	\$185,000	
4 Engineering Design	\$45,000	\$45,000	\$45,000	\$135,000	\$10,000	\$10,000	\$10,000	\$30,000
5 Inspection	\$15,000	\$15,000	\$15,000	\$45,000	\$3,000	\$3,000	\$3,000	\$9,000
6 Management	\$45,800	\$45,800	\$45,800	\$137,400	\$6,500	\$6,500	\$6,500	\$19,500
7 Geotechnical	\$6,500	\$6,500	\$6,500	\$19,500	\$1,500	\$1,500	\$1,500	\$4,500
8 Surveying	\$4,000	\$4,000	\$4,000	\$12,000	\$1,000	\$1,000	\$1,000	\$3,000
9 Planning & Environmental	\$32,000	\$32,000	\$32,000	\$96,000	\$5,000	\$5,000	\$5,000	\$15,000
Total System Replacement Program	\$940,400	\$954,300	\$1,068,300	\$2,963,000	\$185,750	\$212,000	\$212,000	\$609,750

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TO JIM BRUCE

FROM ROB NICHOLAS

DATE FEBRUARY 8, 2010

SUBJECT 2010 BUDGET – FORT KNOX

You will find below a summary of the proposed price changes.

The O&M fee is adjusted 2.58% to reflect cost of living increases for employees and increases in benefits costs along with other activities such and fuel, vehicle maintenance, and business costs.

The breakdown is as follows:

The salaries increased 3.74% and include a 5% increase in health care cost.

The vehicle cost increased 1.68% and includes fuel and vehicle maintenance.

The business costs increased 2.36% based on actual cost.

	2010 Proposed Increase	2010 Proposed Army Breakdown			2010 Lateral Lining	2010 Total Ops & Lateral
		Sanitary	Storm	Total		
Salaries	\$1,071,147	\$ 882,595	\$ 161,155	\$1,043,750	\$ 27,397	\$1,071,147
Vehicle	\$ 146,496	\$ 90,084	\$ 21,131	\$ 111,215	\$ 35,281	\$ 146,496
Lab	\$ 110,015	\$ 115,435	\$ -	\$ 115,435	\$ (5,420)	\$ 110,015
Sludge	\$ 65,004	\$ 68,640	\$ -	\$ 68,640	\$ (3,636)	\$ 65,004
Repairs	\$ 177,556	\$ 152,698	\$ 24,858	\$ 177,556	\$ -	\$ 177,556
Chemical	\$ 20,700	\$ 21,972	\$ -	\$ 21,972	\$ (1,272)	\$ 20,700
Business Costs	\$ 491,454	\$ 372,033	\$ 60,563	\$ 432,596	\$ 58,858	\$ 491,454
Subtotal	\$2,082,372	\$1,703,457	\$ 267,707	\$1,971,164	\$ 111,208	\$ 2,082,372